

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 PA-04 USIA-15 PRS-01

SPC-03 TRSE-00 OMB-01 L-03 SCEM-02 DRC-01 /073 W

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R 270920Z DEC 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 0030

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E.O. 11652: N/A

TAGS: ETRN, RP

SUBJECT: CIVAIR: INTEGRATION OF THREE PHILIPPINE
CARRIERS ORDERED

1. PRESIDENTIAL LETTER OF INSTRUCTION DEC. 22, WIDELY PUBLICIZED IN PRESS, ORDERS IMPLEMENTATION OF MERGER PLAN CALLING FOR PHILIPPINE AIRLINES TO BE SOLE FLAG CARRIER OF PHILIPPINES BEGINNING JAN 2, 1974 AND FOR BOTH AIR MANILA AND FILIPINAS ORIENT AIRWAYS TO CEASE INDEPENDENT OPERATIONS BY DEC. 31. GOVERNMENT-OWNED NATIONAL INVESTMENT AND DEVELOPMENT CORP, TO WHICH ALL THREE CARRIERS ARE HEAVILY INDEBTED, ORDERED TO FORECLOSE MORTGAGES AND PLEDGES OF TWO SMALLER AIRLINES AND TURN ASSETS OVER TO PAL. PAL ALSO DIRECTED TO ABSORB AS MANY EMPLOYEES OF OTHER AIRLINES AS POSSIBLE. TO ASSUME NEW OBLIGATIONS, PAL HAS ANNOUNCED INTENTION TO INCREASE CAPITALIZATION FROM P 25 MILLION TO 100 MILLION.

2. IN ACCORDANCE WITH DIRECTIVE, AIR MANILA AND FILIPINAS ARE ACCEPTING BOOKINGS ONLY THROUGH DEC. 31. PAL HAS SUBMITTED INTEGRATED DOMESTIC SCHEDULE EFFECTIVE JAN 2 WHICH CAB EXPECTED ENDORSE BY DEC. 28. SCHEDULE REFLECTS NEED TO ECONOMIZE FUEL AND INCLUDES
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SOME AIRCRAFT TO BE TAKEN FROM OTHER CARRIERS.

3. DRASTIC NATURE OF ORDER AND CLOSE DEADLINE HAS CAUSED CONFUSION AND UNCERTAINTY WITHIN TWO SMALL AIRLINES. AIR MANILA EXECUTIVE BELIEVES ADMINISTRATIVE AND TECHNICAL COMPLEXITIES OF FORCED MERGER CANNOT BE RESOLVED IN TIME AND EXPECTS AN INTERIM ARRANGEMENT TO EXTEND DEADLINE. HOWEVER, GOP OFFICIALS STATE THAT PRESIDENT IS DETERMINED TO CARRY OUT OFT-POSTPONED INTEGRATION PLAN WITHOUT FURTHER DELAY IN ORDER PUT PHIL AVIATION INDUSTRY ON SOUND FINANCIAL AND OPERATIONAL BASIS. WHETHER PAL WILL UNDERGO SIGNIFICANT OWNERSHIP AND OPERATIONAL CHANGE IS NOT YET CLEAR.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: AIR TRANSPORTATION, BUSINESS MERGERS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA14310
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 07 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Dec-2001 by cunninfx>; APPROVED <21-Dec-2001 by golinofr>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

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TAGS: ETRN, RP, PHILIPPINE AIRLINES
To: STATE
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